

Message Text

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PAGE 01 REYKJA 01571 301010Z

22

ACTION EUR-12

INFO OCT-01 ISO-00 SS-15 SP-02 PM-04 L-03 INR-07 NSC-05

CIAE-00 DODE-00 OMB-01 /050 W
----- 045881

R 300900Z NOV 76

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC 6820

C O N F I D E N T I A L REYKJAVIK 1571

E.O. 11652: N/A

TAGS: MILI

SUBJECT: GEOTHERMAL HEATING FOR ICELAND DEFENSE FORCE (U)

FOLLOWING SENT ACTION CINCLANT NORFOLK VA INFO CNO WASHINGTON DC
COMNAVIAIRLANT NORFOLK VA NAVSTA KEFLAVIK IC AMEMBASSY REYKJAVIK
LANTDIVNAVFACENGCOM NORFOLK VA CINCLANT FLT NORFOLK VA
COMNAVFACENGCOM ALEXANDRIA VA
COMFAIRKEF IC FROM COMICEDEFOR KEFLAVIK IC
NOV 27 (271130Z NOV 76) REPEATED TO YOU FOR INFO:

QUOTE

1. (FOUO) REF REPORTS THAT NAVSTAKEF HAS ANALYZED FEASIBILITY OF
PURCHASING GEO HEAT PURSUANT THE 1974 MOU, SETS FORTH STATUS OF TALKS
WITH DUDURNES REGIONAL HEATING CORP(SRHC), AND CONCLUDES THAT WHILE
CONVERSION TO GEO HEAT IS BOTH FEASIBLE AND ATTRACTIVE FROM A TECHNICAL

STANDPOINT, UNIT ENERGY CHARGE QUOTED IN CURRENT SRHC PROPOSAL
IS EXCESSIVE.

2. (C) COMICEDEFOR IS CONCERNED THAT WHILE USG SHOULD BE FORTHCOMING
IN FULFILLING MOU PROVISION RE GEO HEAT FEASIBILITY STUDY, WE
MUST NOT BE INTIMATED INTO PREMATURE COMMITMENT TO SUBSIDIZE INORD-
INATE CAPITAL INVESTMENT, NOR THAT WE ULTIMATELY BE ACCORDED
ANYTHING LESS THAN FAVORABLE TREATMENT RE UNIT ENERGY CHARGES IN
EXCHANGE FOR ANY NEGOTIATED USG-ASSISTED FINANCING, ESPECIALLY
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FRONT-END LOADING. IN SPITE OF SRHC FINANCING REQUIREMENTS,

HOWEVER, ANY CONTRACT WHICH IMPLIES LONG-TERM DEFENSE FORCE TENURE IN ICELAND BEYOND THE 18-MONTH PERIOD DERIVED FROM ART VII OF THE 1951 DEFENSE AGREEMENT WOULD APPEAR INCONSISTENT WITH LONG-STANDING GOI POSITION. SRHC WILL UNDOUBTEDLY SEEK TO OVERCOME THIS IMPEDIMENT.

3. (FOUO) COMICEDEFOR CONCURS IN THE ANALYSIS OF ABOVE AND SUPPORTS THE CONTINUATION OF NEGOTIATIONS BETWEEN NAVSTAKEF AND SRHC UNTIL ACCEPTABLE TERMS CAN BE WORKED OUT.

UNQUOTE.

BLAKE

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Message Attributes

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Disposition Date: 28 MAY 2004
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Disposition History: n/a
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